

Message Text

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10

ACTION EB-11

INFO OCT-01 EUR-25 NEA-11 ISO-00 FEA-02 INT-08 COME-00

TRSE-00 OMB-01 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 DRC-01 /137 W

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R 252030Z JAN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7430

INFO AMEMBASSY BERN

AMEMBASSY TEHRAN

C O N F I D E N T I A L LONDON 01192

E.O. 11652: XGDS-1

TAGS:CHCKFKENUEFFXDW#EIND, UK, IR

SUBJECT: BRITISH-IRANIAN RELATIONS: OIL AND OTHER
PRODUCTS

REF: LONDON 1053

1. CHANCELLOR OF EXCHEQUER BARBER WENT WITH SECSTATE FOR TRADE AND INDUSTRY WALKER FOR TALK WITH SHAH IN ST. MORITZ JANUARY 25. ACCORDING TO FCO MIDDLE EAST DEPT HEAD WRIGHT, MEETING IS TO FINALIZE (WRIGHT'S OWN WORD) SHAH'S PROPOSAL FOR TWO SEPARATE UNDERSTANDINGS. ONE WILL BE FOR IRANIAN GOVT OIL, IN WHICH BRITISH PETROLEUM (BP) WILL BE ACTUAL CONTRACTING PARTY. THE OTHER WILL BE CONTRACT FOR VARIOUS COMMODITIES FROM BRITISH COMPANIES. AMOUNT OF EACH DEAL LIKELY TO BE 100-150 MILLION POUNDS. DEALS ARE SHORT RATHER THAN LONG TERM. WRIGHT WOULD NOT BE SPECIFIC ON COMMODITIES INVOLVED BEYOND MENTIONING STEEL, PETRO-CHEMICALS AND PAPER. HE SAID CEMENT WAS NOT RPT NOT ONE.

2. FAIRLY SPECULATIVE ARTICLE IN JANUARY 25 FINANCIAL
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TIMES BY GEOFFREY OWEN TALKS GENERALLY OF AMERICAN,

JAPANESE, BRITISH, AND OTHER EUROPEAN EFFORTS TO PROVIDE WHAT ME COUNTRIES, ESPECIALLY IRAN, WANT. IT SPEAKS OF SEVERAL DIFFERENT TYPES OF ARRANGEMENTS BEING SOUGHT INCLUDING (A) STRAIGHT EXPORT BUSINESS, REINFORCED BY INVESTMENTS IN LOCAL PLANTS, (B) INVESTMENT IN LOCAL (ME) FACTORIES TO PRODUCE ENERGY-INTENSIVE SEMI-FINISHED MATERIALS BHWHLJMENT#TO HOME INDUSTRIES, AND (C) BUILDING OF PLANTS IN OIL-PRODUCING COUNTRIES TO MAKE FINISHED PRODUCTS FOR WORLDWIDE EXPORT (THIS THIRD SAID TO BE FAVORED MORE BY ME COUNTRIES THAN BY INVESTORS). THOUGH ARTICLE LINKS DISCUSSION WITH WALKER-BARBER TRIP TO SEE SHAH, WE HAVE NO RPT NO INDICATION SHORT-TERM DEALS UNDER DISCUSSION TODAY AT ST. MORITZ INCLUDE PLANT-CONSTRUCTION.

ANNENBERG

NOTE BY OC/T: LONDON 01192 - (#) AS RECEIVED.
SERVICED UPON REQUEST.

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Disposition Date: 28 MAY 2004
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30 JUN 2005

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